BANKING, the original and most important form of “crowdfunding”, is *broken*.
• Our largest banks have paid **$235 billion** in fines in the last seven years for a litany of misdeeds that have scarred the industry and are delaying rehabilitation. (Reuters)

• Between 2008 and 2014, **4.9 million families** lost their homes to foreclosure. (Americans for Financial Reform)

• Communities of color are disproportionately impacted by an unstable banking system. Between 2005 and 2009, white households experienced a wealth reduction of **16%**; African American households **53%**; and Latino households **66%**. (Pew Research Center)

• **One third** of bank tellers rely on some kind of public support. (ThinkProgress)

**Decades of banking out of alignment with social justice or environmental well-being is destabilizing our communities.**
THEORY OF CHANGE
A new model to change the banking system for good
Social enterprise bank founded in 2007 with a triple bottom line focus on social justice, environmental resilience, and economic sustainability.

CDFI with $630 million in assets operating in California, Washington, and Oregon with two banks: Beneficial State Bank and Albina Community Bank.

Agreement announced to acquire Pan American Bank, serving LMI communities in Central and Southern California, bringing Beneficial State to $750 million in assets, 250 colleagues, and 18 locations.
All economic interest owned by a 501c3 nonprofit foundation

An entirely different economy is possible: one that delivers health, access, and prosperity for all

Governance in the public interest

Profits flow back to communities we serve
OUR CORE VALUES

TRUST

JUSTICE

EMPOWERMENT
UNIQUE OWNERSHIP

Economic Stock
beneficial state foundation

Voting Stock
Kat Taylor and Tom Steyer

beneficial state bancorp

beneficial state bank (100% Owned)

Albina Community Bank (91% Owned)
UNIQUE OWNERSHIP

100% of Returns to NonProfits

Economic Stock
beneficial state foundation

Voting Stock
Kat Taylor and Tom Steyer

beneficial state bancorp

beneficial state bank
(100% Owned)

Albina Community Bank
(91% Owned)
WHAT WE DO

Fair and transparent personal banking

Empowered business and nonprofit banking

Mission – driven
MISSION CRITERIA
(in early implementation)
We strive to ensure ALL BENEFIT, NO HARM
We direct at least 75% of our loans to changemakers – customers healing their communities and the natural world

We strive to ensure that none of our loans are put to use against a better future
CHANGEMAKERS
FOUR CATEGORIES WE SEEK

1. Ownership
2. Structure
3. Core Products/Services/Sector
4. Practices
WHO OWNS IT?

Ownership by Under-Served Communities

Businesses and nonprofits that are owned by people from under-served and historically oppressed groups can help build wealth and power for these individuals and communities.
WHO OWNS IT?

- Woman
- Person of Color
- Formerly Incarcerated
- Disabled
- Other under-served, under-represented, discriminated against
Is the Structure Inherently Mission-First?

Mission-Driven Ownership Structures
Nonprofits and business models that put people and planet before profit.
Is the Structure Inherently Mission-First?

- Non-profit
- Worker-owned cooperative
- Benefit Corporation
- Social Purpose Corporation
- Other mission-driven structure
Is the Core Product or Service Mission-Aligned?

Mission-Driven Core Products & Services
Nonprofits and businesses whose core products or services are intended to improve the lives of people and communities and/or support environmental sustainability.
Is the Core Product or Service Mission-Aligned?

1. Affordable & Multifamily Housing
2. Arts, Culture & Community-Building
3. Economic/Workforce/Business Development
4. Education & Youth Development
5. Environmental Sustainability
6. Beneficial Financial Services
7. Health & Wellbeing (Non-Food)
8. Healthy Food
9. Making/Manufacturing/Production
10. Social Justice
11. Other Mission

Definitions for each
Do they have dedicated mission-aligned practices?

Mission-Driven Business Practices

We seek borrowers that purposefully support people and planet through their internal practices, such as the provision of living wages and benefits, well-being opportunities for staff, sustainability practices and policies, and community service programs.
Do they have dedicated mission-aligned practices?

- **Certifications**
  - B Corp, Green, JUST, Organic, Fair Trade
- **Employee Wages / Benefits/ Ownership**
  - MIT Living Wage or Above, Health Above Gov’t Minimum, Union, ESOP
- **Employment Targeted For Those With Barriers**
- **Special Products, Services, Biz Model Supporting Underserved**
  - Give Something Back exists to support nonprofits, Oakland Acupuncture sliding scale pricing
- **Procurement Commitments**
  - Local, small business or farm, minority-owned, organic, fair trade, sweatshop free
CONTRA MISSION
(In Development)
CONTRA MISSION REVIEW

We strive to achieve Benefit to All, Harm to None

75% Mission, 0% Contra Mission
Avoid the Big Bank “Train of Misery”

- Sectors
- Activities
- Transactions
- Practices
- Supply chain
- Profits
CONTRA MISSION PRINCIPLES

• Avoid contra sectors
• Ensure businesses and projects are community-supported and –benefitting
• Transaction leads to more distributed ownership, power, voice vs. concentrated
• Type of ownership, size, geographic location
• Direction over absolutes
  – From Leaders to laggards progressing
• Advisors from industry orgs and community advocates
  – i.e. Bridge Housing, Seafood Watch, Environmental Working Group
CONTRA MISSION REVIEW
BUSINESS PRACTICES

• Monopolies
• Strong arming
• Products for disadvantaged individuals in which the owners / shareholders are making large/excessive profits
• History of reducing quality, benefits, etc. in order to save costs
CONTRA MISSION SECTORS

- Exploitative industries
- Weapons
- Gambling
- Predatory financial products
- Tobacco, including e-cigarettes
- Illegal industries, including illegal drugs
- Corporate prisons
GETTING TO OUTCOMES
Mission > Metrics > Data

Mission element: Protect our environment

Goal: Help reverse climate change

Strategy: Fund clean renewable energy alternatives, avoid and encourage divestment of dirty energy

Metric: Metric Tons Of CO2 (Ghg) Avoided/Offset By Bank Financing (per year)

Data needed:

- kWh capacity of each energy source funded
- Number of hours in operation in year for each energy source
- Kwh production to co2 reduction conversion (6.89551 × 10⁻⁴ metric tons CO2 / kWh)
Affordable Housing 2012-14

Our Belief:
Housing is a Human Right

Lending Outputs

Community Outcomes

Meaning & Context

19.1 MM
loan commitments

752
affordable units

108
number of net new affordable units per year in San Francisco

Refers to units our loans helped create or retain in participation with other lenders
PROCESS
Impact Review Process

Before/During Loan Booking

1. Loan Officer Initial Review
   - Core Product/Svc Sector
   - Structure
   - Initial Practices
   - Counter-mission check
   - Mission write-up
   - Pipeline view

After Loan is Booked

2. Impact Team Monthly Review
   - Ownership
   - Practices
   - Other elements
   - Detailed impact metrics

3. Impact / Engagement Team Interview / Survey
   - Additional practices
   - Ownership details
   - Individual /unique outcome metrics

Data collection & reporting in Salesforce
Impact Team Review

- Deeper knowledge of client and loan to determine further mission details and data for impact
  - Practices
  - Ownership
  - Housing unit details
- Sources
  - Interview
  - Loan docs
  - External sources (HUD, EPA)
- Also added to Salesforce record for loan
  - Clients served
  - kWh produced
Impact Review Process

Before/During Loan Booking

1. Loan Officer Initial Review
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Data collection & reporting in Salesforce
MISSION LENDING

Distribution of active loans on December 31, 2014, representing a total original commitment of $340 million.
KEY OUTPUTS & OUTCOMES 2012-15

Pre-prime access to credit
• 1,200 small dollar loans
• 5,000 unsecured credit cards

Small Businesses
• $62.1 MM in loans

Non Profits
• $65.7 MM in loans

Housing
• 979 dedicated affordable units
• 1,124 naturally-occurring affordable and workforce affordable units
• $82.3 MM in loans to create, retain, renovate or refinance housing

Renewable Energy
• $32.1 MM in loans

- Biodigester
- Solar
- Wind
- Small scale hydro

208 MM kWh produced 2012-15
The Impact of Beneficial Banking

MUCH MORE ON OUR IMPACT WEBSITE: BENEFICIALSTATE.ORG/IMPACT
VOICES FOR CHANGE
We’re not doing this alone!

GABV
Independent network of banks using finance to deliver sustainable development for underserved communities & the environment.
Beneficial State Bank is a founding North America member

CDBA
Voice and champion of banks and thrifts with a mission of serving low and moderate income communities.
Beneficial State Bank is a Board Member